

LICENSES CANCELLED FOR FAILURE TO REPLACE PROOF OF FINANCIAL RESPONSIBILITY

Licenses Requiring Proof of Financial Responsibility – Applicants for the following licenses must have proof of financial responsibility filed with the Office on their behalf:

Adjuster	(individuals and business entities)
Apprentice Adjuster	(individuals)
Agent	(resident individuals)
Temporary Agent	(resident individuals)
Consultant	(individuals)
Surplus Lines Broker	(resident individuals)
Viatical Settlement Broker	(individuals and business entities)
Viatical Settlement Provider	(individuals and business entities)

Further, this required proof of financial responsibility must be maintained at all times, or the license will terminate automatically. [KRS 304.9-105(6)(b), 304.9-260(5)]

Amount and Form of Proof – The amount and required form of proof of financial responsibility vary by license as set out below:

LICENSE	FINANCIAL RESPONSIBILITY	FORM
Adjuster	\$1,000 bond	Form 99-3
Apprentice Adjuster	\$1,000 bond	Form 99-3
Agent	E&O \$20,000 per occurrence & \$100,000 in aggregate Bond \$20,000 Letter of Credit \$20,000 Insurer's assumption \$20,000	Form 99-1 Form 99-3 Form 99-2 Form 99-4 or 99-6
Temporary Agent	E&O \$20,000 per occurrence & \$100,000 in aggregate Bond \$20,000 Letter of Credit \$20,000 Insurer's assumption \$20,000	Form 99-1 Form 99-3 Form 99-2 Form 99-4 or 99-6
Consultant	E&O \$20,000 per occurrence & \$100,000 in aggregate Bond \$20,000 Letter of Credit \$20,000	Form 99-1 Form 99-3 Form 99-2
Surplus Lines Broker	E&O \$1,000,000 per occurrence & \$2,000,000 in aggregate AND Penal Bond \$50,000	Form 99-1 Form 99-3
Viatical Broker	E&O \$500,000 per occurrence & \$1,500,000 in aggregate Bond \$500,000 Letter of Credit \$500,000	Form 99-1 Form 99-3 Form 99-2
Viatical Provider	E&O \$500,000 per occurrence & \$1,500,000 in aggregate Bond \$500,000 Letter of Credit \$500,000	Form 99-1 Form 99-3 Form 99-2

Duty of Insurer and Financial Institution – The insurer providing the errors and omissions policy, surety bond, or assumption of liability agreement or the financial institution providing the letter of credit is required to file the appropriate form with the Office on behalf of the applicant. By law, the financial responsibility remains in effect until the insurer or financial institution

gives the Office written notice at least 30 days prior to the cancellation of the financial responsibility. This notice of cancellation must be submitted to the Office on the appropriate form. The insurer or financial institution must also send a written notice of cancellation to the licensee on the same date notice is sent to the Office. This procedure ensures that licensees have at least 30 days to find replacement coverage and have proof of financial responsibility filed with the Office.

Notice To Replace Proof of Financial Responsibility – Upon receipt of the cancellation notice from the insurer or financial institution, the Office sends a notice to the licensee informing him or her that proof of replacement financial responsibility must be filed within 30 days.

Cancellation of License – If the Office does not receive the proof of replacement financial responsibility by the deadline, the license automatically terminates, and the license certificate must be immediately surrendered to the Office without demand.

Reissuance of License – Once the license is terminated for failure to maintain proof of financial responsibility, the former licensee must stop all activity under that license until the license is reissued.

If the former licensee applies for a reissued license **within 12 months** after the date the license terminated, the Office must receive

- Application,
- Background report from the Administrative Office of the Court, for agent license,
- Proof of financial responsibility, and
- Applicable fees.

The applicant will also have to have any needed appointments and designations filed with the Office.

If the former licensee applies for a reissued license **more than 12 months** after the date the license terminated, the applicant will have to

- Complete any required prelicensing training course and
- Pass any required examination.

In addition, the Office must receive

- Application,
- Background report from the Administrative Office of the Court, for agent license,
- Proof of financial responsibility, and
- Applicable fees.

The applicant will also have to have any needed appointments and designations filed with the Office.

Additional Information about Insurance Licenses – Additional information such as requirements for license, certain restrictions, verification of license status, continuing education status, appointments, designations with business entities, forms and instructions, etc. are available through the Office's Web site at <http://doi.ppr.ky.gov>.